

# INFORMATION BULLETIN

## Impact of Retirement on PDP Agreements, 2.2 Balances, and Optional Service Balances

March 2002

### Introduction

When you retire, any Payroll Deduction Program (PDP) agreement that you entered into with your employer will terminate. When the agreement ends, you may still have a balance for a 2.2 upgrade or for other optional service. This bulletin explains your payment options.

### Termination of PDP agreements

The date of your retirement and the date of your employer's payroll determine when the final deduction will be made from your paycheck.

For example: You retire on June 7. Your employer's first payroll in June is run on June 14. Because your retirement date is *before* the payroll date, your employer should not make any payroll deduction from the payroll run on June 14. However, if your employer's first payroll in June is run before your June 7 retirement date, your employer should deduct the full monthly PDP amount from your paycheck. In addition, your employer should not make any deductions under the PDP on subsequent payrolls.

**Please contact your employer for the date the final monthly deduction from your PDP agreement will be remitted to us. This information will help ensure that you receive the correct balance for any lump-sum payments you may make.**

### Paying a 2.2 balance

When you retire, you have two choices for paying any balance owing on your 2.2 upgrade cost: a lump-sum payment or a reduction from your annuity over a 24-month period. This 24-month period may be reduced depending on the expiration of the five-year payment time frame for the 2.2 upgrade.

If you *are* in a PDP agreement for 2.2, you may make a lump-sum payment on your 2.2 balance in the period between your retirement date and the date we process your retirement claim. If we do not receive your lump-sum payment, your annuity will be reduced over a 24-month period.

If you *are not* in a PDP agreement for 2.2, you may make a lump-sum payment at any time *before* we process your retirement claim. Your annuity will be reduced over a 24-month period if we do not receive a lump-sum payment.

### Paying an optional service balance

To receive credit for optional service, you must pay any balance owing on your optional service purchases through a lump-sum payment before we process your retirement claim.

If you *are* in a PDP agreement for optional service, you must wait until *after* your retirement date to make the lump-sum payment. Your payment must be received *before* we process your retirement claim to receive credit for optional service.

### Questions

If you have questions about paying a balance owing on your account, please call our Member Services Division at (800) 877-7896.

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